

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

UNITED STATES OF AMERICA,

PLAINTIFF,

vs.

PAUL E. PHILLIPS, III,

DEFENDANT.

Cr. No. 05-20278 B P

18 U.S.C. § 1341

18 U.S.C. § 1343

FILED BY

JUL 21 2005

Thomas M. Gould, Clerk
U. S. District Court
W. D. OF TN, Memphis

INDICTMENT

THE GRAND JURY CHARGES:

INTRODUCTION

1. On or about September 26, 2002, in the Western District of Tennessee, defendant **PAUL E. PHILLIPS, III**, purchased a new 2003 Chevrolet Tahoe (hereinafter referred to as "the Tahoe") from a dealership located in Dyersburg, Tennessee.

Defendant **PAUL E. PHILLIPS, III**, financed a total of \$53,349.24 to complete the purchase of the Tahoe. The company that financed the purchase of the Tahoe placed a lien on the vehicle to secure the financing contract. The financing contract required defendant **PAUL E. PHILLIPS, III**, to make a single, annual payment of \$17,783.08 to the lienholder each year for three years beginning September 27, 2003, one year following the sale.

2. At the time he purchased the Tahoe, defendant **PAUL E. PHILLIPS, III**, also purchased a "GAP Insurance" policy issued by Twin City Fire Insurance Company. This type of insurance policy covers any "gap" between the amount of money a liability insurer will pay in the event of the loss of the covered vehicle and the amount of money left to be paid on the financing contract covering the vehicle in the event that the

amount of money left to be repaid to the finance company is greater than the amount of money paid by the liability insurer for the loss of the vehicle. The dealership that sold defendant **PAUL E. PHILLIPS, III**, the Tahoe handled the sale of the "GAP Insurance" policy to defendant **PAUL E. PHILLIPS, III**.

3. In addition to the "GAP Insurance" policy issued by the Twin City Fire Insurance Company, on or about September 26, 2002, defendant **PAUL E. PHILLIPS, III**, also had the Tahoe covered under an existing automobile liability insurance policy issued by State Farm Mutual Automobile Insurance Company (hereinafter "State Farm"). This type of policy reimburses the owner of the vehicle and any vehicle lienholder for the loss or destruction of the covered vehicle. The State Farm transaction was handled by an insurance agent located in Dyersburg, Tennessee.

4. On or about September 27, 2003, defendant **PAUL E. PHILLIPS, III**, was required to make a payment of \$17,783.08 to the lienholder. Defendant **PAUL E. PHILLIPS, III**, never made the payment to the lienholder of \$17,738.08 which was due on September 27, 2003.

5. In or about September, 2003, defendant **PAUL E. PHILLIPS, III**, took the Tahoe to the dealership where he bought it and left it at the dealership's lot with the understanding that the dealership would try and sell the Tahoe.

6. One night on or about late September, 2003, acting at the direction of and with the assistance of defendant **PAUL E. PHILLIPS, III**, an individual removed the Tahoe from the dealership lot and drove it to a boat ramp on the Mississippi River and allowed the Tahoe to roll down the boat ramp and into the Mississippi River. On or

about October 4, 2003, deputies from the Lauderdale County Sheriff's Department recovered the Tahoe from the Mississippi River.

7. On or about October 4, 2003, defendant **PAUL E. PHILLIPS, III**, contacted the local State Farm agent and claimed that the Tahoe had been stolen.

8. On or about October 7, 2003, defendant **PAUL E. PHILLIPS, III**, met with a State Farm claims representative in Jackson, Tennessee, and informed her that he had asked an individual knowledgeable about body work to inspect the Tahoe and that this individual confirmed that the Tahoe was a total loss.

9. On or about October 10, 2003, the State Farm claims representative in Jackson, Tennessee, sent defendant **PAUL E. PHILLIPS, III**, a theft affidavit via United States mail, which he completed and returned to State Farm.

10. On or about November 18, 2003, the State Farm claims agent in Jackson, Tennessee, mailed a check for \$41,041.05 to the lienholder via United States mail. This check was mailed in satisfaction of defendant **PAUL E. PHILLIPS, III**, insurance claim.

11. On or about December 8, 2003, an official with the local dealership in Dyersburg, Tennessee, that sold defendant **PAUL E. PHILLIPS, III**, the "GAP Insurance" policy faxed an "IAS claim cover sheet" with attached documents for the "GAP Insurance" policy to IAS Claims in Leander, Texas, in support of defendant **PAUL E. PHILLIPS, III**, insurance claim.

12. On or about February 4, 2004, Twin City Fire Insurance Company paid the lienholder, GMAC, \$12,308.09 in settlement of defendant **PAUL E. PHILLIPS, III**, claim.

COUNTS 1 AND 2

PURPOSE OF THE SCHEME AND ARTIFICE TO DEFRAUD

13. Prior to and during the time period relevant to this indictment, the defendant, **PAUL E. PHILLIPS, III**, devised and intended to devise, a scheme and artifice to defraud State Farm Mutual Automobile Insurance Company and Twin City Fire Insurance Company of money and property.

THE SCHEME AND ARTIFICE TO DEFRAUD

14. The scheme and artifice to defraud operated in the manner set forth in paragraphs 1 through 12 herein, and these paragraphs are specifically incorporated herein by reference.

THE MAILINGS

15. On or about the dates listed below, in the Western District of Tennessee, and elsewhere, the defendant,

----- **PAUL E. PHILLIPS** -----

for the purposes of executing and attempting to execute the scheme and artifice to defraud described herein, did place or cause to be placed in the post office and the authorized depository for mail matter, and did cause to be delivered by mail the things and matters listed below, in violation of Title 18, United States Code, § 1341:

Count No.	Date of Mailing	Thing or Matter Mailed
1	October 10, 2003	State Farm theft affidavit
2	November 18, 2003	check to lienholder

COUNT 3: WIRE FRAUD

PURPOSE OF THE SCHEME AND ARTIFICE TO DEFRAUD

16. Prior to and during the time period material to this indictment, the Defendant, **PAUL E. PHILLIPS, III**, devised and intended to devise, a scheme and artifice to defraud State Farm Mutual Automobile Insurance Company and Twin City Fire Insurance Company of money and property.

THE SCHEME AND ARTIFICE TO DEFRAUD

17. The scheme and artifice to defraud operated in the manner set forth in paragraphs 1 through 12 herein, and these paragraphs are specifically incorporated herein by reference.

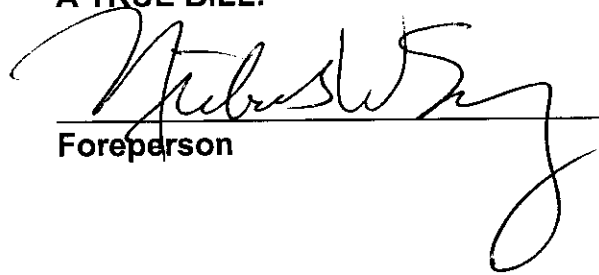
THE WIRE

14. On or about December 8, 2003, in the Western District of Tennessee, and elsewhere, the Defendant,

----- **PAUL E. PHILLIPS, III** -----


for the purposes of executing and attempting to execute the scheme and artifice to defraud described herein, did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals and sounds, that is, an "IAS claim cover sheet" with attached documents from a car dealership in the Western District of Tennessee to an insurance claims processing company the State of Texas, in violation of Title 18, United States Code, §1343

A TRUE BILL:



Foreperson

DATED: 7-20-05



Terrell L. Harris
United States Attorney
Western District of Tennessee

No. 1289

UNITED STATES DISTRICT COURT

WESTERN District of TENNESSEE
Criminal Division

THE UNITED STATES OF AMERICA

VS.

PAUL E. PHILLIPS, III

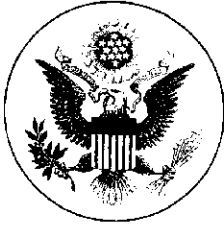
INDICTMENT

a true bill.

Phillips W. Seery
Foreman

Filed in open court this 21st day,
of July A.D. 2005
Smith
Clerk

Bail, \$



Notice of Distribution

This notice confirms a copy of the document docketed as number 1 in case 2:05-CR-20278 was distributed by fax, mail, or direct printing on July 28, 2005 to the parties listed.

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Honorable J. Breen
US DISTRICT COURT